

SUPREME COURT OF LOUISIANA
STATE OF LOUISIANA



FINANCIAL STATEMENT AUDIT
ISSUED AUGUST 30, 2006

**LEGISLATIVE AUDITOR
1600 NORTH THIRD STREET
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STEVE J. THERIOT, CPA
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July 6, 2006

Independent Auditor's Report
on the Financial Statements

SUPREME COURT OF LOUISIANA
STATE OF LOUISIANA
New Orleans, Louisiana

We have audited the accompanying special purpose (legal basis) financial statements of the Supreme Court of Louisiana, a court within Louisiana state government, as of and for the year ended June 30, 2005, as listed in the foregoing table of contents. These financial statements are the responsibility of management of the Supreme Court of Louisiana. Our responsibility is to express an opinion on these special purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in note 1-B to the financial statements, Act 5 of the 2004 Regular Session of the Louisiana Legislature provided various state appropriations to units of the judicial branch of government. The accompanying special purpose financial statements include these state appropriations, except for those appropriations that are not under the control of the Supreme Court of Louisiana as provided in note 1, which are subject to separate audits. As such, they present the appropriated and non-appropriated activity of the court that are part of the accounts and fund structure of the State of Louisiana. The appropriated funds reflect appropriated activity of the court that are part of the General Fund and special revenue funds of the State of Louisiana. The non-appropriated funds are individual funds of the State of Louisiana not subject to budgetary control. Furthermore, the special purpose financial statements have been prepared on a legal basis of accounting, the purpose of which is to reflect compliance with the annual appropriation act for the appropriated funds and the financial position of the non-appropriated funds. These procedures differ from accounting principles generally accepted in the United States of America as described in the notes to the financial statements. Accordingly, the accompanying special purpose financial statements are not intended to and do not present

financial position and results of operations in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the accompanying special purpose financial statements present fairly, in all material respects, the balances within the appropriated and non-appropriated funds of the Supreme Court of Louisiana at June 30, 2005, and the transactions of such funds for the year then ended, on the basis of accounting described in note 1-D.

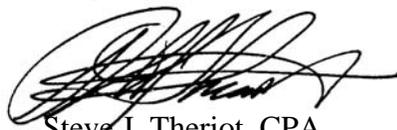
As discussed in note 14 to the financial statements, in August and September of 2005, the State of Louisiana suffered considerable damage from two major hurricanes, Katrina and Rita, resulting in the President of the United States declaring Louisiana a major disaster area. Because of the severity of these two separate events and the resulting losses sustained, it is unknown what economic impact the recovery will have on state and local governmental operations in Louisiana. While the Supreme Court of Louisiana did not directly suffer any major damage from these two hurricanes, court personnel were displaced temporarily. The long-term effects of these events on the court and its operations cannot be determined at this time.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 6, 2006, on our consideration of the Supreme Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the accompanying special purpose financial statements of the Supreme Court of Louisiana taken as a whole. The accompanying supplemental information schedules are presented for the purpose of additional analysis and have been subjected to the auditing procedures applied in the audit of the special purpose financial statements and, in our opinion, are stated fairly in all material respects in relation to the special purpose financial statements taken as a whole.

This report is intended solely for the information and use of the Supreme Court and its management and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,



Steve J. Theriot, CPA
Legislative Auditor

**SUPREME COURT OF LOUISIANA
STATE OF LOUISIANA
ALL APPROPRIATED AND NON-APPROPRIATED FUNDS**

Balance Sheet (Legal Basis), June 30, 2005

	APPROPRIATED FUNDS	NON- APPROPRIATED FUNDS	TOTAL (MEMORANDUM ONLY)
ASSETS			
Cash and cash equivalents (note 2)	\$11,455,374	\$1,774,740	\$13,230,114
Receivables	8,502	88,941	97,443
Due from other state agencies (note 3)	1,061,295	34,967	1,096,262
Due from other funds (note 5)	115,262		115,262
Prepayments	75,527		75,527
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u> \$12,715,960 </u>	<u> \$1,898,648 </u>	<u> \$14,614,608 </u>
LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts payable	\$702,598	\$151,929	\$854,527
Payroll deductions payable	127,866		127,866
Due to other courts (note 3)	92,952		92,952
Due to other funds (note 5)		115,262	115,262
Other liabilities	4,090		4,090
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	927,506	267,191	1,194,697
Fund Equity - fund balances - reserved (note 11)	11,788,454	1,631,457	13,419,911
	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES AND FUND EQUITY	<u> \$12,715,960 </u>	<u> \$1,898,648 </u>	<u> \$14,614,608 </u>

The accompanying notes are an integral part of this statement.

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**SUPREME COURT OF LOUISIANA
STATE OF LOUISIANA
ALL APPROPRIATED AND NON-APPROPRIATED FUNDS**

**Statement of Revenues, Expenditures,
and Changes in Fund Balances (Legal Basis)
For the Year Ended June 30, 2005**

	APPROPRIATED FUNDS	NON - APPROPRIATED FUNDS	TOTAL (MEMORANDUM ONLY)
REVENUES			
Appropriated by legislature:			
State General Fund	\$101,212,344		\$101,212,344
State General Fund by interagency transfers	8,979,110		8,979,110
State General Fund by statutory dedications	5,928,226		5,928,226
Interest	127,004		127,004
Non-appropriated revenues		\$812,772	812,772
Total revenues	<u>116,246,684</u>	<u>812,772</u>	<u>117,059,456</u>
EXPENDITURES			
Personal services	60,816,629		60,816,629
Travel	1,240,749		1,240,749
Operating supplies and services	3,540,272		3,540,272
Professional services	1,661,752		1,661,752
Other charges	965,577		965,577
Non-appropriated expenditures		1,235,822	1,235,822
Total expenditures	<u>68,224,979</u>	<u>1,235,822</u>	<u>69,460,801</u>
EXCESS (deficiency) OF REVENUES OVER EXPENDITURES	<u>48,021,705</u>	<u>(423,050)</u>	<u>47,598,655</u>
OTHER FINANCING SOURCES (Uses)			
Operating transfers in (note 4)		1,569,058	1,569,058
Operating transfers out (note 4)	(1,569,058)		(1,569,058)
Transfers from other entities (note 6)	268,283	520,427	788,710
Transfers to other entities (note 6)	(46,266,451)	(1,409,197)	(47,675,648)
Total other financing sources (uses)	<u>(47,567,226)</u>	<u>680,288</u>	<u>(46,886,938)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	454,479	257,238	711,717
FUND BALANCES AT BEGINNING OF YEAR	<u>11,333,975</u>	<u>1,374,219</u>	<u>12,708,194</u>
FUND BALANCES AT END OF YEAR	<u>\$11,788,454</u>	<u>\$1,631,457</u>	<u>\$13,419,911</u>

The accompanying notes are an integral part of this statement.

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**SUPREME COURT OF LOUISIANA
STATE OF LOUISIANA
ALL APPROPRIATED FUNDS**

**Statement of Revenues, Expenditures,
and Unexpended Appropriation -
Budget Comparison of Current-Year
Appropriation - Budget (Legal Basis)
For the Year Ended June 30, 2005**

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
Appropriated by legislature:			
State General Fund:			
Supreme Court	\$33,449,795	\$33,449,795	
Courts of Appeal	33,550,551	33,550,551	
District courts	25,451,044	25,451,044	
Orleans Parish Criminal Court	4,303,668	4,303,668	
Other courts	4,457,286	4,457,286	
Total state General Fund	<u>101,212,344</u>	<u>101,212,344</u>	NONE
Statutory dedications:			
Patients' Compensation Fund	10,000	10,000	
Judges' Supplemental Compensation Fund	4,000,000	4,000,000	
Trial Court Case Management Fund	1,918,226	1,918,226	
Total statutory dedications	<u>5,928,226</u>	<u>5,928,226</u>	NONE
Other - interest earnings	<u>127,004</u>	<u>127,004</u>	NONE
Interagency receipts:			
TANF drug court	5,000,000	4,954,825	(\$45,175)
TANF court appointed special advocates	<u>3,000,000</u>	<u>4,024,285</u>	<u>1,024,285</u>
Total interagency receipts	<u>8,000,000</u>	<u>8,979,110</u>	<u>979,110</u>
Total appropriated revenues	<u>115,267,574</u>	<u>116,246,684</u>	<u>979,110</u>
EXPENDITURES			
Supreme Court:			
Salaries - Chief Justice and associate justices	762,625	762,624	1
Supreme Court Proper - staff and other expenses and salary of court crier	7,379,419	7,319,690	59,729
Judicial Administrator	2,943,337	2,748,139	195,198
Judiciary Commission	802,001	684,572	117,429
Court reporters	259,928	220,462	39,466
Dues to the National Center for State Courts	132,548	127,273	5,275
Committee on Professional Ethics	3,000	3,000	
Retired judges - salaries and expenditures	631,414	1,085,186	(453,772)
Law Library of Louisiana	1,641,483	1,641,483	

(Continued)

The accompanying notes are an integral part of this statement.

**SUPREME COURT OF LOUISIANA
STATE OF LOUISIANA
ALL APPROPRIATED FUNDS
Statement of Revenues, Expenditures,
and Unexpended Appropriation -
Budget Comparison of Current-Year
Appropriation - Budget (Legal Basis), 2005**

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES (CONT.)			
Supreme Court: (Cont.)			
Transferred judges - salaries and expenditures	\$129,180	\$383,215	(\$254,035)
Retirement benefits to justices and judges - all courts	1,913,952	1,870,952	43,000
Retirement benefits to widows of justices and judges - all courts	1,338,583	1,354,282	(15,699)
Judicial College	146,257	214,136	(67,879)
Employer contribution to retirement system	5,809,753	4,971,811	837,942
Civil commitment matters	143,424	128,531	14,893
Louisiana Protective Order Registry	731,404	731,404	
Families in Need of Services	1,791,597	1,642,085	149,512
Administrative expenses of the Medical Review Panel	10,000	10,000	
Drug Court maintenance and enhancement	6,829,890	7,051,587	(221,697)
Paul Hebert Law Center, payable from General Fund Direct	60,000	60,000	
Courts of Appeal:			
Salaries of judges	5,425,583	5,374,657	50,926
First Circuit operation and maintenance	7,668,660	7,668,660	
Second Circuit operation and maintenance	4,302,962	4,302,962	
Third Circuit operation and maintenance	5,985,153	5,985,153	
Fourth Circuit operation and maintenance	5,816,058	5,816,058	
Fifth Circuit operation and maintenance	4,259,184	4,259,184	
Legal expense of the First Circuit Court of Appeal	92,952	92,951	1
District Courts:			
Salaries of judges	17,777,967	17,461,578	316,389
District judges - office and travel expenses	1,259,200	1,222,862	36,338
Orleans Parish Civil District Courts - salaries of judges	1,338,127	1,292,906	45,221
Other judges' expenses	70,000	89,046	(19,046)
Twentieth Judicial District court reporters - salary and retirement contribution	97,050	96,756	294
Clerk of Orleans Parish Civil District Court	10,000	10,000	
Employer contribution to group, worker's compensation, general liability, and property insurance	3,987,982	3,627,214	360,768
Commissioners of Fifteenth and Nineteenth Judicial Districts - salaries	328,155	320,148	8,007
Office expenses - Nineteenth Judicial District	339,884	339,884	
Office expenses - Fifteenth Judicial District	216,879	187,098	29,781
Law clerk of the Twentieth Judicial District	25,800	25,836	(36)

(Continued)

The accompanying notes are an integral part of this statement.

**SUPREME COURT OF LOUISIANA
STATE OF LOUISIANA
ALL APPROPRIATED FUNDS
Statement of Revenues, Expenditures,
and Unexpended Appropriation -
Budget Comparison of Current-Year
Appropriation - Budget (Legal Basis), 2005**

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES (CONT.)			
Orleans Parish Criminal Court:			
Salaries of district judges	\$1,242,546	\$1,242,546	
Office expenses and employer contribution to group insurance	314,066	323,279	(\$9,213)
Salaries of minute clerks	247,469	242,134	5,335
Salaries of court reporters	391,097	373,995	17,102
Salaries and related benefits of commissioners	268,280	264,824	3,456
Office expenses of commissioners	10,000	10,023	(23)
Salaries of commissioners' minute clerks	63,473	62,105	1,368
Salaries of commissioners' court reporters	47,850	46,803	1,047
Judicial Administrator and assistants - salaries and related benefits	587,225	538,796	48,429
Salaries of law clerks	480,812	456,758	24,054
Salaries of secretaries	138,961	128,921	10,040
Sanity Commissions	162,172	162,172	
Board of Jury Commissioners	276,917	276,917	
Office expenses of Criminal Court Judges Orleans	72,800	74,218	(1,418)
Other courts - salaries and related benefits:			
Salaries of city court judges	1,851,599	1,826,953	24,646
Juvenile Court - salaries of judges	1,338,127	1,290,966	47,161
Salaries of family court judges	382,322	382,322	
Salaries of municipal judges, traffic court judges, and parish court judge	298,653	298,653	
Juvenile and family courts - office expenses	100,800	83,269	17,531
Orleans Parish Juvenile Protective Care Monitoring Program	395,652	296,611	99,041
Orleans Parish Juvenile Court - court reporters	60,133	60,133	
Expenses of Judges Assistance Program	30,000	30,000	
Appropriated by legislature - statutorily dedicated funds:			
Judges' Supplemental Compensation Fund	4,000,000	3,785,717	214,283
Trial Court Case Management Fund	1,918,226	1,554,871	363,355
Appropriated by legislature - by interagency receipt:			
TANF Drug Court	5,000,000	5,057,164	(57,164)
TANF Court Appointed Special Advocates	3,000,000	4,024,284	(1,024,284)
Total appropriated expenditures	<u>115,140,571</u>	<u>114,077,819</u>	<u>1,062,752</u>
UNEXPENDED APPROPRIATION - CURRENT YEAR	<u>\$127,003</u>	<u>\$2,168,865</u>	<u>\$2,041,862</u>

(Concluded)

The accompanying notes are an integral part of this statement.

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INTRODUCTION

The Supreme Court of Louisiana is a part of the State of Louisiana reporting entity within the judicial branch of government. As provided by Article V of the Louisiana Constitution of 1974, the judicial power of government of the state is vested in a supreme court, courts of appeal, district courts, and other courts. The Supreme Court of Louisiana exercises an appellate function as the highest court in the state, has general supervisory jurisdiction over all other courts, and in certain instances, is the court of original jurisdiction. All judges of the various courts are elected to serve terms ranging from six to 10 years, depending upon their court of jurisdiction. The Supreme Court of Louisiana, comprised of the Chief Justice and six Associate Justices, is empowered by Louisiana Revised Statutes (R.S.) 13:10, 13:121, and 25:91-95 to appoint a judicial administrator, its clerk, and other personnel and to control the Law Library of Louisiana.

The court's operations are funded through annual appropriations made by the Louisiana Legislature from the state's General Fund and from the state's Patients' Compensation Fund, Judges' Supplemental Compensation Fund, and Trial Court Case Management Information Special Revenue Funds. The court's operations are further funded through self-generated revenues authorized by R.S. 13:126, which include fees for appeals, applications for writs, motions filed on unlodged appeals, answers to appeals, and through fees for copies, seminars, and other services. The state's Judges' Supplemental Compensation Special Revenue Fund is funded by an additional fee of \$18 charged by the various courts in the state in compliance with Act 63 of the 1985 Session of the Louisiana Legislature. The state's Trial Court Case Management Information Special Revenue Fund is funded by a special court cost from \$1 to \$2 on all traffic and criminal convictions in the state as mandated by Act 152 of the 1993 Session of the Louisiana Legislature. The amounts collected in connection with these two funds are collected by the Clerk of the Supreme Court and various lower courts and remitted to the state treasurer through the Judicial Administrator's Office of the Supreme Court of Louisiana.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The Governmental Accounting Standards Board (GASB) promulgates accounting principles generally accepted in the United States of America and reporting standards for state and local governments. These principles are found in the Codification of Governmental Accounting and Financial Reporting Standards published by the GASB. However, the accompanying financial statements have been prepared on a legal basis, which differs from accounting principles generally accepted in the United States of America as explained in the following notes.

B. REPORTING ENTITY

GASB Codification Section 2100 has defined the governmental reporting entity to be the State of Louisiana. The court is included within the State of Louisiana reporting entity because the state exercises oversight responsibility and has accountability for fiscal matters as follows: (1) the state has control and exercises authority over budget matters; (2) state appropriations provide the largest percentage of total revenues; and (3) the court

primarily serves state residents. The accompanying financial statements present information only as to the transactions of the court.

The accompanying financial statements represent activity of the court within the judicial branch of state government and, therefore, are a part of the fund structure of the State of Louisiana and its basic financial statements. Annually, the State of Louisiana issues basic financial statements. The basic financial statements are audited by the Louisiana Legislative Auditor.

The operations of the Supreme Court of Louisiana are separated into four major offices as follows:

- The Judicial Administrator's Office is responsible for all appropriated and non-appropriated funds of the court, except those self-generated fees collected and accounted for by the Clerk of the Supreme Court, the Louisiana Law Library, and the Judicial College. Furthermore, the Judicial Administrator's Office provides a central payroll system for the payment of salaries to all state, district, and certain city court judges, as well as minute clerks, court reporters, et cetera. This office also pays certain expenses of the various courts throughout the state.
- The Office of the Clerk of the Supreme Court is responsible for collecting and accounting for the receipt and expenditure of filing fees and other self-generated revenues as provided by R.S. 13:124. These funds are not appropriated or accounted for by the Judicial Administrator.
- The Louisiana Law Library is responsible for collecting and accounting for proceeds from the sale of acts of the Louisiana Legislature and receipts from the copying of legal documents and the use of Westlaw and LEXIS computer terminals. These revenues are used to purchase books and cover costs relating to copy and computer equipment located in the library. These funds are not appropriated or accounted for by the Judicial Administrator.
- The Louisiana Judicial College is responsible for collecting and accounting for seminar registration fees. These fees are used to conduct seminars for the education of Louisiana judges.

Certain appropriations made to units of the judicial branch under Act 5 of the Regular Session of 2004 of the Legislative - Special Acts Judiciary are not administered by the Supreme Court of Louisiana. Disbursements of annual appropriations to these units are accounted for as transfers (other financing uses) and are subject to separate audits. These units are listed as follows:

<u>Schedule Number</u>	<u>Appropriation</u>
03-8170-04	Committee on Professional Ethics and Grievances
03-8171-02	First Circuit Court of Appeal
03-8171-03	Second Circuit Court of Appeal
03-8171-04	Third Circuit Court of Appeal
03-8171-05	Fourth Circuit Court of Appeal
03-8171-06	Fifth Circuit Court of Appeal
03-8172-09	Judicial Expense Fund of the Nineteenth Judicial District Court - office expenses
03-8172-12L	Sanity Commissions
03-8172-12M	Board of Jury Commissioners
03-8174-03	Judges' Assistance Program

C. FUND ACCOUNTING

The court uses fund accounting, along appropriation lines, to reflect its compliance with provisions of the annual appropriation act and to reflect the financial position and results of operations of its non-appropriated funds. This differs from the fund accounting of accounting principles generally accepted in the United States of America where the intent is to measure the financial position and results of the governmental reporting entity as a whole. Therefore, the funds within the accompanying financial statements have been divided between appropriated and non-appropriated funds and not by conventional fund types of accounting principles generally accepted in the United States of America.

The funds do not include any noncurrent assets or liabilities. Noncurrent assets, capital assets, and long-term liabilities are reflected in the State of Louisiana's basic financial statements.

The funds presented in the special purpose financial statements are described as follows:

APPROPRIATED FUNDS

General Appropriation Fund

The General Appropriation Fund provides for the salaries, related benefits, and general administrative expenditures of the Supreme Court of Louisiana and courts of appeal. In addition, the General Appropriation Fund provides for certain salaries, related benefits, and general administrative expenditures of the district, criminal, and city courts.

Included in the General Appropriation Fund are amounts appropriated through state General Fund interagency transfers for the Drug Court and for various programs funded by the Temporary Assistance to Needy Families (CFDA 93.558, TANF) program comprised of federal funds from the U.S. Department of Health and Human Services passed through the Louisiana Department of Social Services.

The Drug Court is funded out of the state General Fund by interagency transfers to the Supreme Court from the Department of Health and Hospitals, Office of Addictive Disorders for the maintenance and enhancement of drug courts.

The TANF Drug Court Grant provides support for the improvement and enhancement of drug courts. The TANF Court Appointed Special Advocates (CASA) work for timely placement of children in permanent, safe, and stable homes. CASAs are appointed by the courts to represent abused and neglected children in the court system. The TANF funds were available through September 30, 2004.

Judges' Supplemental Compensation Fund

The Judges' Supplemental Compensation Fund was created under Act 63 of the 1985 Regular Session of the Louisiana Legislature to account for appropriations for salary supplements to judges and commissioners. The fund is financed by the increased cost of civil filings. The fund is financed by a yearly appropriation of the state legislature from statutorily dedicated funds transferred from the state's Judges' Supplemental Compensation Special Revenue Fund.

Trial Court Case Management Information System Fund

The Trial Court Case Management Information System Fund was originated by Act 152 of the 1993 Regular Session of the Louisiana Legislature and accounts for appropriations used to prepare and implement a master plan for the development of a statewide automated trial-court case management information system, and to provide for the fast-track prototype development of the criminal disposition component of the overall information system. The fund is financed by an assessment of court costs on all criminal and traffic convictions. The fund is financed by a yearly appropriation of the state legislature from statutorily dedicated funds transferred from the state's Trial Court Case Management Information System Special Revenue Fund.

NON-APPROPRIATED FUNDS

Judicial College - Seminar Fund

The Judicial College - Seminar Fund was established to account for transactions related to conducting seminars for the education of Louisiana judges. Funding is received from collected registration fees. The balance remaining in the program at fiscal year ended June 30, 2005, will be used to sponsor seminars and special projects relative to judicial education for Louisiana judges during the fiscal year ending June 30, 2006.

**Clerk of the Supreme Court
Fee Account Fund**

The Clerk of the Supreme Court Fee Account Fund is used to account for filing fees, copies of court records, and other revenues received by the court, as provided by R.S. 13:126, and interest earned on time deposits. The fund is used to pay expenditures approved by the Supreme Court of Louisiana that are not paid by funds appropriated to the Clerk of the Supreme Court.

Law Library Self-Generated Fees Fund

The Law Library Self-Generated Fees Fund accounts for the purchase of law books from proceeds from the sale of acts of the Louisiana Legislature as provided by R.S. 43:226. The Law Library provides copy machines and a facsimile machine within the library for use by its patrons and Westlaw and LEXIS computer terminals to assist patrons in their legal research. The fees generated from these services are used to cover the cost of the copy machines, facsimile machine, computer maintenance, and other operating expenses.

**Louisiana Supreme Court Justices:
Sourcebook of Biographical Information Fund**

Funds were made available from the Louisiana Bar Foundation to pay expenses related to the publication of *Supreme Court Justices: Sourcebook of Biographical Information*, a biography of Supreme Court Justices.

**Integrated Juvenile Justice Information
System Project Fund (IJJIS)**

Funding is provided by the Supreme Court for the creation and implementation of a computer software program designed to integrate the functions of the juvenile court system. This would include the integration of the court administration, case types, and coordination and exchange of information from outside agencies and organizations. Currently, the IJJIS consists of a docketing, calendaring, and schedule subsystem and subsystems for tracking CHILD in Need of CARE (CINC) cases, Termination of Parental Rights (TPR or Certification of Adoption) cases, Families in Need of Service (FINS) Guidance cases, and truancy cases.

Truancy Assessment Center Direct Fund

The Truancy Assessment Centers (TASC) are funded by Temporary Assistance to Needy Families (TANF) federal funds from the U.S. Department of Health and Human Services, passed through the Louisiana Department of Social Services (DSS). The direct charge of TASC is to integrate community services for children at risk. Truancy intervention funds in particular are designed to fill a gap in services that will increase school attendance. Funds were transferred to LSU as

part of an agreement with LSU to take over the program. Remaining funds will be used to complete a management information system project. The fund was an appropriated fund in fiscal year ended June 30, 2004.

Baptist Community Ministries Fund

The Judicial Administrator's Office has been awarded a grant from the Baptist Community Ministries, a local philanthropic organization whose mission and purpose is to improve the quality of life for citizens of the greater New Orleans community. This 3-year award totaling \$700,000 was used to fund a pilot program in Orleans Parish Juvenile Court and Jefferson Parish Juvenile Court to implement mediation in child in need of care cases. The overall purpose of the program is to reduce the amount of time abused and neglected children remain in foster care. The Judicial Administrator's Office serves as the recipient of the funds and oversees expenditures of the funds. The award began on January 1, 2002, and ended on December 31, 2004.

Interest on Lawyer's Trust Accounts Grant Fund

On January 1, 2003, the Louisiana Bar Foundation made funding available to the Supreme Court to continue its work on the Child Advocacy Mediation Project. Specifically, funding was used to pay attorneys for mediations of child in need of care (CINC) and termination of parental rights (TPR) cases that are not being paid through the Office of Community Services. Funding for this grant was extended through December 31, 2004.

State Technology Innovation Fund (TIF) - Juvenile Offender Information (JOIN) - Integrated Juvenile Justice Information System Project (IJJIS) Fund

Funding is provided by the State Technology Innovation Fund for the creation and implementation of a computer software program designed to integrate the functions of the juvenile court system. This would include the integration of the court administration, case types, and coordination and exchange of information from outside agencies and organizations. Currently, the IJJIS consist of a docketing, calendaring, and schedule subsystem and subsystems for tracking CHILD in Need of CARE (CINC) cases, Termination of Parental Rights (TPR or Certification for Adoption) cases, Families in Need of Services (FINS) Guidance cases, and Truancy cases. Funding for this grant extends through October 31, 2005.

Louisiana Uniform Rules Project Fund

The Louisiana Uniform Rules Project was created by the Supreme Court in 1998 for the purpose of developing uniform district court rules to be implemented by the Supreme Court. The main source of funding for the project is a grant from the

State Justice Institute. On December 12, 2001, the Supreme Court adopted District Court Rules, including appendices, and Numbering Systems for Louisiana Family and Domestic Relations Court and Juvenile Courts. The Supreme Court also created a standing District Court Rules Committee, charged with receiving related comments and/or proposed additional rules or amendments to those rules. Funding for this grant expired on June 30, 2005.

Families in Need of Services Software Grant Fund

With a \$25,000 grant from the Louisiana Families in Need of Services Association, the Guidance database system is being developed to record, calculate, track, and report informal case information pertaining to the families in need of services process.

Campaign for the Children Fund

The Campaign for the Children is a public awareness program that is designed to inform the public about the problem of foster care drift in Louisiana and to motivate the public to become involved in reducing and eventually eliminating the problem. The Campaign for the Children Grant has entered the final phase of the project. Research and discussions continue with other collaborative partners for the most efficacious use of resources consistent with the mission and purpose of the Campaign. Remaining grant funds will be utilized for this final effort to promote permanency for the children in the Louisiana foster care system.

State Court Improvement Grant Fund

The State Court Improvement Grant is a four-year federal program established by the Omnibus Budget Reconciliation Act of 1993 (P. L. 103-66) to assist courts in the assessment and improvement of proceedings relating to foster care and adoption. The grant, awarded to the highest court in each state, will enable trial courts to (1) identify barriers; (2) highlight practices that are not fully successful; and (3) measure areas in need of added attention. Reforms will then be implemented that address the state court's specific needs in foster care abuse and neglect proceedings. Funding was granted through April 10, 2005.

Children's Justice Act Grant Fund

Funding passing through the State of Louisiana, Department of Social Services was made available by the U.S. Department of Health and Human Services through the Children's Justice Act Grants to States for this project. The court entered into an agreement with the State of Louisiana, Department of Social Services for the development of programs to aid investigation, mediation and judicial aspects of child abuse and neglect cases.

Louisiana Commission on Law Enforcement (LCLE) - Juvenile Offender Information (JOIN) - Integrated Juvenile Justice Information System Project (IJJIS) Fund

Funding is provided by LCLE for the creation and implementation of a computer software program designed to integrate the functions of the juvenile court system. This would include the integration of the court administration, case types, and coordination and exchange of information from outside agencies and organization. Currently, the IJJIS consists of a docketing, calendaring, and schedule subsystem and subsystems for tracking CHILD in Need of CARE (CINC) cases, Termination of Parental Rights (TPR or Certification for Adoption) cases, Families in Need of Service (FINS) Guidance cases, and truancy cases. Funding on this grant extends through October 31, 2005.

Victims of Crime Act 2001 (VOCA) Grant Fund

This grant is made available through the U.S. Office of Justice Programs, Office for Victims of Crime, Department of Justice, via the Louisiana Commission on Law Enforcement, authorized under the Victims of Crime Act of 1984 (VOCA), section 1402; 1404, 42 U.S.C. 10601; 1063. The goal of this grant is to provide the District Courts with the equipment needed for accessing the Metro Server and reviewing criminal history backgrounds. Those courts do not have access to the Department of Public Safety and Corrections network. Funding ended September 30, 2004.

Criminal Information Technology Act Grant Fund

This grant is made available through the U.S. Department of Justice via the Louisiana Commission on Law Enforcement. This grant enables the Supreme Court to continue its participation in the development of the Court Management Information System (CMIS) which will allow accurate and timely information on statewide criminal court dispositions to be reported to the state Computerized Criminal History System. This funding enables the court to accomplish goals and objectives of the CMIS program thereby enhancing and improving local state criminal justice records. Funding for this program extends through September 30, 2005.

National Criminal History Improvement Program (NCHIP CITA) Fund

The Statewide Protective Order Grant Program enabled the Supreme Court to provide law enforcement officers with access to accurate, timely, and complete records in regard to Protective Orders, which are issued to prevent acts of domestic violence against a person or to prevent persons from stalking, intimidating, or harassing another person. This grant is made available through the U.S. Department of Justice via the Louisiana Commission on Law Enforcement. The Louisiana Protective Order Registry is a statewide repository

for civil and criminal court orders issued to protect victims of intimate partner violence and their children from further harm and harassment. Records in the registry are accessible by query to law enforcement agencies, court officials, and specific agencies with the Louisiana Department of Social Services. Funding from this grant is being used to enhance project software, provide training programs across the state, and expand the registry's record storage system. Funding has been extended through September 30, 2005.

Criminal Information Technology Act - Louisiana Protective Order Registry (CITA LPOR 1)

The Statewide Protective Order Grant Program enabled the Supreme Court to provide law enforcement officers with access to accurate, timely, and complete records in regard to Protective Orders, which are issued to prevent acts of domestic violence against a person or to prevent persons from stalking, intimidating, or harassing another person. This grant is made available through the U.S. Department of Justice via the Louisiana Commission on Law Enforcement. The Louisiana Protective Order Registry is a statewide repository for civil and criminal court orders issued to protect victims of intimate partner violence and their children from further harm and harassment. Records in the registry are accessible by query to law enforcement agencies, court officials, and specific agencies with the Louisiana Department of Social Services. Funding from this grant is being used to enhance project software, provide training programs across the state, and expand the registry's record storage system. Funding has been extended through September 30, 2005.

Protective Orders Grant Fund

The Protective Orders Grant enabled the court to expand and enhance the participation in the National Instant Criminal Background Check System (NICS) and to develop model procedures for accessing records of persons other than felons who are ineligible to purchase firearms. Within this framework and with the use of federal funding, the Statewide Protective Order Grant Program (SPOP) enabled the Supreme Court to provide law enforcement officers with access to accurate, timely, and complete records in regard to protective orders, which are issued to prevent acts of domestic violence against a person or to prevent persons from stalking, intimidating, or harassing another person. On October 1, 2002, the Protective Order Grant was expanded to include funding for enhancement of project software, to provide training programs across the state, and to expand the registry's record storage. The Protective Orders Grant period, under the cognizance of the LCLE, has been extended through September 30, 2005.

CITA LPOR 2

The Statewide Protective Order Grant Program enabled the Supreme Court to provide law enforcement officers with access to accurate, timely, and complete

record in regard to Protective Orders, which are issued to prevent acts of domestic violence against a person or to prevent persons from stalking, intimidating, or harassing another person. This grant is made available through the U.S. Department of Justice via the Louisiana Commission on Law Enforcement. The Louisiana Protective Order Registry is a statewide repository for civil and criminal court orders issued to protect victims of intimate partner violence and their children from further harm and harassment. Records in the registry are accessible by query to law enforcement agencies, court officials, and specific agencies with the Louisiana Department of Social Services. Funding from this grant is being used to enhance project software, provide training programs across the state, and expand the registry's record storage system. Funding has been extended through September 30, 2005.

Violence Against Women Act (M01-8-030) Grant Fund

This grant is made available through the U.S. Department of Justice via the Louisiana Commission on Law Enforcement authorized under Stop Violence Against Women Act, Title I of the Omnibus Crime Control and Safe Streets Act of 1968, 42 U.S.C. 3701. The National Crime Information Center - Protective Order File (NCIC-POF) was implemented in May 1997. The LPOR, a database, was designed to collect information about all court orders issued for the purpose of preventing violent or threatening acts against another person, providing complete, accurate, and timely protective order records to the courts and law enforcement, and allowed Louisiana to fully participate in the NCIC-POF. This grant made funds available to purchase computer hardware and software in order to enhance the LPOR database. Funding ended March 31, 2005.

Statewide Drug Court Enhancement Grant Fund (2004-DC-BX-0062) (OJP)

This grant is made available through the U.S. Department of Justice, Office of Justice Programs (OJP) under the provision of 28 CFR, Part 61. Drug courts integrate substance abuse treatment, sanctions and incentives with case management to place nonviolent drug involved offenders into a judicially supervised habilitation program to permit substance abuse treatment to occur. Grant funds will be used by the Louisiana Supreme Court Drug Court Office to develop and implement a comprehensive and multifaceted statewide training program for practitioners in the Louisiana Drug Court Program. Funding for this grant ends August 31, 2006.

CITA Louisiana Protective Order Registry Fund

In 1997, the Louisiana Legislature created the Louisiana Protective Order Registry (LPOR) and charged the Judicial Administrator's Office of the Supreme Court with responsibility for establishing and maintaining this computerized repository of domestic violence protection orders, issued by courts statewide. Recent law changes require LPOR to revise the database, standardized forms, and

interactive software developed for and provided to users. Funds in this grant have allowed LPOR to complete these revisions, disseminate the updated material, and work with courts, prosecutors, law enforcement agencies, victim assistance providers and others with an interest in protecting domestic violence victims and their children by ensuring enforcement of protection orders. Funding for this grant ended September 30, 2004.

D. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The funds in the accompanying financial statements measure the resources provided by the legislature to fund current-year expenditures and the use of those resources by the court. This differs from accounting principles generally accepted in the United States of America in which the measurement focus would be to measure the flow of current resources.

Basis of accounting refers to when revenues and expenditures are recognized and reported in the financial statements, regardless of the measurement focus applied. The accompanying financial statements reflect revenues and expenditures in accordance with applicable statutory provisions and regulations of the Judicial Budgetary Control Board.

Under the foregoing legal provisions, the court uses the following practices in recognizing revenues and expenditures:

Revenues

The state General Fund and statutorily dedicated fund appropriations are recognized in the amounts appropriated, to the extent withdrawn from the State Treasury. Interagency transfers, fees and self-generated revenues, and non-appropriated revenues are recognized in the amounts earned, to the extent measurable and available.

Expenditures

Salaries, related benefits, and obligations of employee vested annual and sick leave are recognized when paid, to the extent that they have been appropriated or approved by the Judicial Budgetary Control Board. Substantially all other operating expenditures are recorded when the related liability is incurred, to the extent that they have been appropriated or approved by the Judicial Budgetary Control Board. Depreciation expense is not recognized by the court.

Other Financing Sources (Uses)

Transfers between funds or units of the judicial branch, some of which are not administered by the Supreme Court of Louisiana and are not expected to be repaid, are accounted for as other financing sources (uses) in the year the court or the Judicial Budgetary Control Board authorizes the transfer.

E. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, demand deposits, and investments of excess cash in direct security repurchase agreements. Under state law, the court may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. In accordance with R.S. 49:327(C)(2), the court is authorized to invest funds in direct United States Treasury obligations, United States government agency obligations, direct security repurchase agreements, and reverse direct security repurchase agreements for federal obligations.

F. LONG-TERM OBLIGATIONS

The court is by statute not allowed to incur bonded indebtedness and, therefore, no recognition within the accompanying financial statements is necessary. Furthermore, any long-term obligations of the court arising from lease commitments, judgments, or compensated absences are not recognized in the accompanying financial statements.

G. BUDGET PRACTICES

By rule of the Supreme Court of Louisiana, the Judicial Budgetary Control Board was created with the authority to approve the transfer of funds within the court as needed. The appropriation made for the operations of the court is an annual lapsing appropriation and is recorded in the appropriated funds. As provided by Act 5 of 2004, any funds therein allocated to the judiciary, any portion of the funds previously appropriated to the judiciary, or interest earnings on such appropriations are thereby appropriated and may be used to defray expenses of the judiciary. All funds remaining unexpended and/or unencumbered must be returned to the state General Fund on or before September 1 of the succeeding fiscal year. However, Act 56 of 2005 reappropriated these funds to defray expenses of the judiciary for fiscal year 2005-2006, thereby eliminating the requirement to return the unexpended/unencumbered portion to the state General Fund on or before September 1.

Revenues and expenditures for budget purposes are recognized on the same basis of accounting as described in note 1-D. Statement C includes all appropriated funds and is presented as a single fund for budgetary comparison purposes. A reconciliation of Statement B to Statement C revenues and expenditures follows:

Revenues per Statement B - appropriated funds	<u>\$116,246,684</u>
Revenues per Statement C	<u><u>\$116,246,684</u></u>

NOTES TO THE FINANCIAL STATEMENTS

Expenditures per Statement B:	
General Appropriation	\$68,224,979
Plus - transfers to circuit courts, other entities, and other funds per Act 5 of 2004	47,567,226
Unbudgeted expenditures:	
Renovation	(145,328)
Transfer to non-appropriated funds	<u>(1,569,058)</u>
 Expenditures per Statement C	 <u><u>\$114,077,819</u></u>

Budget revisions are granted by the Joint Legislative Committee on the Budget, the Judicial Budgetary Control Board, and the Supreme Court of Louisiana. The budget information included in the financial statements (Statement C) includes the original appropriations plus subsequent amendments as follows:

Original approved budget - Judiciary - Act 5 of 2004	\$115,140,571
Net increase in accordance with Act 5 of 2004	<u>127,003</u>
 Total	 <u><u>\$115,267,574</u></u>

H. JUDGES' SALARIES

The salaries of the judges of the various appellate, district, juvenile, family, and city courts throughout Louisiana are paid directly by the Supreme Court of Louisiana with warrants drawn on the State Treasury and are included in the expenditures of the accompanying financial statements. City court judges, in addition to their state-paid salary, may receive salary from other sources, but their total salary is limited to that of a district court judge by R.S. 13:1874.1.

I. COMPENSATED ABSENCES

All regular employees of the Judicial Administrator's Office, the Office of the Clerk of the Supreme Court, the Law Library of Louisiana, the Judicial College, and certain Justices' personal staff earn and accumulate annual and sick leave, depending on years of service, at 12 and 24 days per year. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees may be compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay and for any unused compensatory leave earned at the employee's hourly rate of pay, depending on the availability of funds. Upon retirement, unused annual leave in excess of 300 hours may be converted to additional state service for the purpose of computing retirement benefits. In addition, those who attain eligibility in the state retirement system may include unused accrued sick leave in calculating retirement benefits in accordance with the formula established by the retirement system.

J. TOTAL COLUMNS ON STATEMENTS

Total columns on the statements are captioned Memorandum Only (overview) to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations. Neither are such data comparable to a consolidation.

2. CASH AND CASH EQUIVALENTS

At June 30, 2005, the court has cash and cash equivalents (book balances) as follows:

Petty cash	\$550
Demand deposits	<u>13,229,564</u>
Total	<u><u>\$13,230,114</u></u>

Cash and cash equivalents are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. At June 30, 2005, the court has \$13,229,564, in deposits (collected bank balances), which is secured from risk by federal deposit insurance plus pledged securities. Included as part of the collected bank balances at June 30, 2005, the court has excess cash deposited in overnight repurchase agreements invested in U.S. Treasury Notes with a market value of \$15,724,074. The underlying securities are held by the counterparty's trust department in the court's name.

3. DUE FROM/DUE TO OTHER STATE AGENCIES AND COURTS

Due from/due to other state agencies consists of the following:

	<u>Due From</u>	<u>Due To</u>
Louisiana Department of Social Services (for the TANF programs operated by the court)	\$1,003,310	
State Treasury (Act 138 of the 2005 Regular Session provided a supplemental appropriation for reimbursement of judicial legal expenses incurred by the Court of Appeal, First Circuit)	92,952	
Court of Appeal, First Circuit		<u>\$92,952</u>
Total	<u><u>\$1,096,262</u></u>	<u><u>\$92,952</u></u>

4. INTERFUND TRANSFERS

Interfund operating transfers consist of a transfer out of the Truancy Assessment Center Direct Fund for \$1,569,058 from the Appropriated Funds to the Non-Appropriated Funds.

5. DUE FROM/DUE TO OTHER FUNDS

Due from/due to other funds consist of the following:

	<u>Due From</u>	<u>Due To</u>
Judicial Administrator Operating Account	\$115,262	
State Court Improvement Grant Fund		\$80,295
Children's Justice Act Grant Fund		10,000
Criminal Information Technology Act 2 Grant Fund		8,053
Criminal Information Technology Act		788
Violence Against Women Act Grant Fund		13,456
Louisiana Protective Order Registry Fund		<u>2,670</u>
Total	<u>\$115,262</u>	<u>\$115,262</u>

6. TRANSFERS TO/FROM OTHER ENTITIES

Transfers from other entities consist of the following:

Court Improvement Grant Awards	\$1,433
Law Library	7,762
Office of State Buildings	258,381
Attorney General	3,203
Clerk's Fee Account Fund	10,000
Baptist Community Ministries	236,182
Louisiana Bar Foundation	1,859
Louisiana Department of Social Services	35,000
Louisiana Commission on Law Enforcement	<u>234,890</u>
Total	<u>\$788,710</u>

Transfers to other entities consist of the following:

First Circuit Court of Appeal	\$7,761,611
Second Circuit Court of Appeal	4,302,962
Third Circuit Court of Appeal	5,985,153
Fourth Circuit Court of Appeal	5,816,058
Fifth Circuit Court of Appeal	4,259,184
Nineteenth Judicial District Court	339,884
First Circuit Court of Appeal Pilot Mediation Project	127,268
Fourth Circuit Court of Appeal Warrant	1,000
Orleans Parish Juvenile Monitoring Program	15,492
Orleans Parish Juvenile Court	33,850
Supreme Court Website Fund	17,064
LSU Truancy Assessment-Direct	1,400,000
Law Library	6,701
Louisiana Supreme Court Justices: Sourcebook of Biographical Information Fund	1,063
Integrated Juvenile Justice Information System Fund	1,433
Other judicial entities	<u>17,606,925</u>
Total	<u><u>\$47,675,648</u></u>

7. PENSION PLANS

Substantially all employees of the court are members of two statewide, public employee retirement systems (cost-sharing plans). The clerk of court and deputy clerks of the court are members of the Louisiana Clerks Retirement and Relief Fund (LCRRF), a multiple-employer plan. Substantially all other employees and justices are members of the Louisiana State Employees Retirement System (LASERS), a single-employer plan. Generally, all full-time employees are eligible to participate in the systems, with employee benefits vesting after 10 years of service. The State of Louisiana guarantees benefits granted by the retirement systems by provisions of the Louisiana Constitution of 1974. The systems issue annual publicly available financial reports that include financial statements and required supplementary information for the systems. The reports may be obtained by writing to the Louisiana Clerks Retirement and Relief Fund, 11745 Bricksome Avenue, Suite B1, Baton Rouge, Louisiana 70816, or by calling (225) 256-6660, and the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804, or by calling (225) 922-0600.

The contribution requirements of plan members and the court are established and may be amended by the state legislature. The legislature annually sets the required employer contribution rate equal to the actuarially required employer contribution, as set forth in R.S. 11:102. Employees contribute 8.25% (LCRRF) and 7.5% (LASERS) of covered salaries. The court is required to contribute 14.5% to the LCRRF and 17.8% of covered salaries to LASERS. Contributions to the systems are funded through employee contributions and employer

contributions. The State of Louisiana funds the court's employer contributions through annual appropriations to the court. The court's employer contributions to LCRRF for the years ended June 30, 2005, 2004, and 2003, were \$204,973, \$147,278, and \$124,294, respectively, and to LASERS for the years ended June 30, 2005, 2004, and 2003, were \$6,484,889, \$6,234,226, and \$5,243,447, respectively, equal to the required contributions for each year.

8. POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

The court provides certain continuing health and life insurance benefits for its retired employees. Substantially all of the court's employees become eligible for these benefits if they reach normal retirement age while working for the court. These benefits for retirees and similar benefits for active employees are provided through insurance companies whose monthly premiums are paid jointly by the employee and the court. The court's cost of providing retiree health care and life insurance benefits is recognized as expenditures when the monthly premiums are paid. For the year ended June 30, 2005, the cost of retiree benefits totaled \$1,340,512.

9. COMPENSATED ABSENCES

The liability for unused annual leave payable at June 30, 2005, computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards Section C60.105, is estimated at \$944,460 of unused annual leave and \$17,340 of unused compensatory leave. The leave payable is not recorded in the accompanying financial statements.

10. LEASE AND RENTAL COMMITMENTS

For fiscal year ended June 30, 2005, the court's rental expenditures for office space amounted to \$524,030. The annual rental payments for operating leases for future years are as follows:

Fiscal year:	
2006	\$206,957
2007	210,937
2008	213,097
2009	<u>182,671</u>
Total	<u><u>\$813,662</u></u>

The court's lease agreements have non-appropriation exculpatory clauses that allow lease cancellations if the legislature does not make an appropriation for their continuation during future fiscal years.

The court has no capital lease agreements for the fiscal year ended June 30, 2005.

11. RESERVE FOR CONTINUING OPERATIONS

As shown on Statement A, the Supreme Court of Louisiana has reserves for continuing operations totaling \$13,419,911 at June 30, 2005. These funds may be retained and used to defray the expenditures of the court, as prescribed by R.S. 13:10.3 for the Judges' Supplemental Compensation Fund, R.S. 13:124 for the Clerk of the Supreme Court Fee Account Fund, and Act 56 of 2005 for all other appropriated funds. The fund balances in the other non-appropriated funds are considered restricted or reserved for the purposes for which the funds were collected, granted, or donated. The reserves for continuing operations are detailed as follows:

Appropriated Funds:	
Operations and Maintenance	\$9,310,457
Drug Court	2,477,997
Non-Appropriated Funds:	
Judicial College - Seminar Fund	216,895
Clerk of the Supreme Court Fee Account Fund	1,111,488
Law Library Self-Generated Fees Fund	101,167
Truancy Assessment Center Direct Fund	94,190
Baptist Campus Ministries Fund	52,162
Integrated Juvenile Justice Information System Project	1,433
Louisiana Uniform Rules Project Fund	28,431
Families in Need of Services Software Grant Fund	25,000
Campaign for the Children Fund	<u>691</u>
Total	<u><u>\$13,419,911</u></u>

12. JUDGMENTS, CLAIMS, AND SIMILAR CONTINGENCIES

Obligations and losses arising from judgments, claims, and similar contingencies are paid through the state's self-insurance fund or by state General Fund appropriations and are not reflected in the accompanying special purpose financial statements. The self-insurance fund is operated by the Office of Risk Management, the state agency responsible for the state's risk management program.

13. DEFERRED COMPENSATION PLAN

Certain employees of the court participate in the Louisiana Public Employees Deferred Compensation Plan adopted under the provisions of Internal Revenue Code Section 457. Complete disclosures relating to the Plan are included in the separately issued audit report for the Plan, available from the Louisiana Legislative Auditor, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397.

14. SUBSEQUENT EVENTS

In August and September of 2005, the State of Louisiana suffered considerable damage from two major hurricanes, Katrina and Rita, resulting in the President of the United States declaring Louisiana a major disaster area. Although the court did not receive major damage from the storms, court personnel were displaced from New Orleans temporarily. The cost of recovery to the state and its long-term impact on the court is unknown at this time.

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APPROPRIATED FUNDS

Schedule 1 presents a combining balance sheet for all appropriated funds as of June 30, 2005.

Schedule 2 presents a combining schedule of revenues, expenditures, and changes in fund balances for all appropriated funds for the year ended June 30, 2005.

NON-APPROPRIATED FUNDS

Schedule 3 presents a combining balance sheet for all non-appropriated funds as of June 30, 2005.

Schedule 4 presents a combining schedule of revenues, expenditures, and changes in fund balances for all non-appropriated funds for the year ended June 30, 2005.

**SUPREME COURT OF LOUISIANA
STATE OF LOUISIANA
APPROPRIATED FUNDS**

Combining Balance Sheet (Legal Basis), June 30, 2005

	GENERAL APPROPRIATION FUND	JUDGES' SUPPLEMENTAL COMPENSATION FUND	TRIAL COURT CASE MANAGEMENT INFORMATION SYSTEM FUND	TOTAL
ASSETS				
Cash and cash equivalents	\$10,422,841	\$604,671	\$427,862	\$11,455,374
Receivables	8,502			8,502
Due from other state agencies	1,061,295			1,061,295
Due from other funds	115,262			115,262
Prepayments	75,527			75,527
TOTAL ASSETS	\$11,683,427	\$604,671	\$427,862	\$12,715,960
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts payable	\$702,598			\$702,598
Payroll deductions payable	127,866			127,866
Due to other courts	92,952			92,952
Other liabilities	4,090			4,090
Total Liabilities	927,506	NONE	NONE	927,506
Fund Equity - fund balances - reserved	10,755,921	\$604,671	\$427,862	11,788,454
TOTAL LIABILITIES AND FUND EQUITY	\$11,683,427	\$604,671	\$427,862	\$12,715,960

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**SUPREME COURT OF LOUISIANA
STATE OF LOUISIANA
APPROPRIATED FUNDS**

**Combining Schedule of Revenues, Expenditures,
and Changes in Fund Balances (Legal Basis), June 30, 2005**

	GENERAL APPROPRIATION FUND	JUDGES' SUPPLEMENTAL COMPENSATION FUND	TRIAL COURT CASE MANAGEMENT INFORMATION SYSTEM FUND	TOTAL
REVENUES				
Appropriated by legislature:				
State General Fund	\$101,212,344			\$101,212,344
State General Fund by interagency transfers	8,979,110			8,979,110
State General Fund by statutory dedications	10,000	\$4,000,000	\$1,918,226	5,928,226
Interest	122,659	4,345		127,004
Total revenues	<u>110,324,113</u>	<u>4,004,345</u>	<u>1,918,226</u>	<u>116,246,684</u>
EXPENDITURES				
Personal services	55,877,377	3,785,717	1,153,535	60,816,629
Travel	1,208,517		32,232	1,240,749
Operating supplies and services	3,404,808		135,464	3,540,272
Professional services	1,630,241		31,511	1,661,752
Other charges	763,448		202,129	965,577
Total expenditures	<u>62,884,391</u>	<u>3,785,717</u>	<u>1,554,871</u>	<u>68,224,979</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>47,439,722</u>	<u>218,628</u>	<u>363,355</u>	<u>48,021,705</u>
OTHER FINANCING SOURCES (Uses)				
Operating transfers out	(1,569,058)			(1,569,058)
Transfer from other entities	268,283			268,283
Transfer to other entities	(46,266,451)			(46,266,451)
Total other financing sources (uses)	<u>(47,567,226)</u>	<u>NONE</u>	<u>NONE</u>	<u>(47,567,226)</u>
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>(127,504)</u>	<u>218,628</u>	<u>363,355</u>	<u>454,479</u>
FUND BALANCES AT BEGINNING OF YEAR	<u>10,883,425</u>	<u>386,043</u>	<u>64,507</u>	<u>11,333,975</u>
FUND BALANCES AT END OF YEAR	<u>\$10,755,921</u>	<u>\$604,671</u>	<u>\$427,862</u>	<u>\$11,788,454</u>

**SUPREME COURT OF LOUISIANA
STATE OF LOUISIANA
NON-APPROPRIATED FUNDS**

Combining Balance Sheet (Legal Basis), June 30, 2005

	JUDICIAL COLLEGE - SEMINAR FUND	CLERK OF THE SUPREME COURT FEE ACCOUNT FUND	LAW LIBRARY SELF- GENERATED FEES FUND	TRUANCY ASSESSMENT CENTER DIRECT FUND	BAPTIST COMMUNITY MINISTRIES FUND
ASSETS					
Cash and cash equivalents	\$216,895	\$1,106,777	\$101,167	\$94,190	\$200,156
Receivables		8,646			
Due from other state agencies					
TOTAL ASSETS	\$216,895	\$1,115,423	\$101,167	\$94,190	\$200,156
LIABILITIES AND FUND EQUITY					
Liabilities:					
Accounts payable		\$3,935			\$147,994
Due to other funds					
Total Liabilities	NONE	3,935	NONE	NONE	147,994
Fund Equity - fund balances - reserved for continuing operations	\$216,895	1,111,488	\$101,167	\$94,190	52,162
TOTAL LIABILITIES AND FUND EQUITY	\$216,895	\$1,115,423	\$101,167	\$94,190	\$200,156

(Continued)

TIF JOIN IJIS FUND	LOUISIANA UNIFORM RULES PROJECT FUND	FAMILIES IN NEED OF SERVICES SOFTWARE GRANT FUND	CAMPAIGN FOR THE CHILDREN FUND	STATE COURT IMPROVEMENT GRANT FUND	CHILDREN'S JUSTICE ACT GRANT FUND	CITA LPOR1 GRANT FUND
\$1,433	\$28,431	\$25,000	\$691	\$80,295		
					\$10,000	\$8,053
<u>\$1,433</u>	<u>\$28,431</u>	<u>\$25,000</u>	<u>\$691</u>	<u>\$80,295</u>	<u>\$10,000</u>	<u>\$8,053</u>
NONE	NONE	NONE	NONE	\$80,295	\$10,000	\$8,053
				80,295	10,000	8,053
\$1,433	\$28,431	\$25,000	\$691	NONE	NONE	NONE
<u>\$1,433</u>	<u>\$28,431</u>	<u>\$25,000</u>	<u>\$691</u>	<u>\$80,295</u>	<u>\$10,000</u>	<u>\$8,053</u>

**SUPREME COURT OF LOUISIANA
STATE OF LOUISIANA
NON-APPROPRIATED FUNDS
Combining Balance Sheet (Legal Basis), June 30, 2003**

	CITA LPOR2 GRANT FUND	VIOLENCE AGAINST WOMEN ACT (M01-8-030) GRANT FUND	LOUISIANA PROTECTIVE ORDER REGISTRY FUND	TOTAL
ASSETS				
Cash and cash equivalents				\$1,774,740
Receivables				88,941
Due from other state agencies	\$788	\$13,456	\$2,670	34,967
TOTAL ASSETS	\$788	\$13,456	\$2,670	\$1,898,648
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts payable				\$151,929
Due to other funds	\$788	\$13,456	\$2,670	115,262
Total Liabilities	788	13,456	2,670	267,191
Fund Equity - fund balances - reserved for continuing operations	NONE	NONE	NONE	1,631,457
TOTAL LIABILITIES AND FUND EQUITY	\$788	\$13,456	\$2,670	\$1,898,648

(Concluded)

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**SUPREME COURT OF LOUISIANA
STATE OF LOUISIANA
NON-APPROPRIATED FUNDS**

**Combining Schedule of Revenues, Expenditures,
and Changes in Fund Balances (Legal Basis), June 30, 2005**

	JUDICIAL COLLEGE - SEMINAR FUND	CLERK OF THE SUPREME COURT FEE ACCOUNT FUND	LAW LIBRARY SELF- GENERATED FEES FUND	LOUISIANA SUPREME COURT JUSTICES: SOURCEBOOK OF BIOGRAPHICAL INFORMATION FUND
REVENUES				
Grants - federal				
Fees and self-generated revenues:				
Court fees		\$227,365		
Copy fees		25,749	\$7,439	
Bar admissions		16,975		
Seminar fees	\$250,065			
Sales of acts of the legislature			840	
Computer-assisted research fees			1,849	
Facsimile fees			2,008	
Miscellaneous				
Use of money and property - interest earnings	1,228	21,899		
Total revenues	<u>251,293</u>	<u>291,988</u>	<u>12,136</u>	<u>NONE</u>
EXPENDITURES				
Personnel services		3,720		
Travel	3,937	13,610	12,083	
Operating supplies and services	38,901	143,781	838	
Professional services	141,881	38,180		
Other charges		30,647	8,868	
Total expenditures	<u>184,719</u>	<u>229,938</u>	<u>21,789</u>	<u>NONE</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES				
	<u>66,574</u>	<u>62,050</u>	<u>(9,653)</u>	<u>NONE</u>
OTHER FINANCING SOURCES				
Operating transfers in				
Transfers from other entities		10,000	1,063	
Transfers to other entities			(6,701)	(\$1,063)
Total other financing sources/uses	<u>NONE</u>	<u>10,000</u>	<u>(5,638)</u>	<u>(1,063)</u>
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES				
	<u>66,574</u>	<u>72,050</u>	<u>(15,291)</u>	<u>(1,063)</u>
FUND BALANCES AT BEGINNING OF YEAR				
	<u>150,321</u>	<u>1,039,438</u>	<u>116,458</u>	<u>1,063</u>
FUND BALANCES AT END OF YEAR				
	<u>\$216,895</u>	<u>\$1,111,488</u>	<u>\$101,167</u>	<u>NONE</u>

(Continued)

INTEGRATED JUVENILE JUSTICE INFORMATION SYSTEM PROJECT FUND	TRUANCY ASSESSMENT CENTER DIRECT FUND	BAPTIST COMMUNITY MINISTRIES FUND	INTEREST ON LAWYER'S TRUST ACCOUNTS GRANT FUND	TIF JOIN IJJIS FUND	LOUISIANA UNIFORM RULES PROJECT FUND	FAMILIES IN NEED OF SERVICES SOFTWARE GRANT FUND
NONE	NONE	NONE	NONE	NONE	NONE	NONE
	\$1,026	\$7,103			\$291	
	209	8,692				
	66,913	164,573	\$1,859		7,508	
	6,720	3,906				
NONE	74,868	184,274	1,859	NONE	7,799	NONE
NONE	(74,868)	(184,274)	(1,859)	NONE	(7,799)	NONE
	1,569,058					
(\$1,433)	(1,400,000)	236,182	1,859	\$1,433		
(1,433)	169,058	236,182	1,859	1,433	NONE	NONE
(1,433)	94,190	51,908	NONE	1,433	(7,799)	NONE
1,433		254	NONE	NONE	36,230	\$25,000
NONE	\$94,190	\$52,162	NONE	\$1,433	\$28,431	\$25,000

**SUPREME COURT OF LOUISIANA
STATE OF LOUISIANA
NON-APPROPRIATED FUNDS
Combining Schedule of Revenues, Expenditures,
and Changes in Fund Balances (Legal Basis), June 30, 2004**

	CAMPAIGN FOR THE CHILDREN FUND	STATE COURT IMPROVEMENT GRANT FUND	CHILDREN'S JUSTICE ACT GRANT FUND	LACLE JOIN IJJIS FUND	VICTIMS OF CRIME ACT 2001 GRANT FUND
REVENUES					
Grants - federal		\$222,183			
Fees and self-generated revenues:					
Court fees					
Copy fees					
Bar admissions					
Seminar fees					
Sales of acts of the legislature					
Computer-assisted research fees					
Facsimile fees					
Miscellaneous					
Use of money and property - interest earnings					
Total revenues	NONE	222,183	NONE	NONE	NONE
EXPENDITURES					
Personnel services					
Travel					
Operating supplies and services		12,752			
Professional services	\$3,329	209,322	\$35,000	\$16,800	\$10,823
Other charges		109			42,402
Total expenditures	3,329	222,183	35,000	16,800	53,225
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	(3,329)	NONE	(35,000)	(16,800)	(53,225)
OTHER FINANCING SOURCES					
Operating transfers in					
Transfers from other entities			35,000	16,800	53,225
Transfers to other entities					
Total other financing sources/uses	NONE	NONE	35,000	16,800	53,225
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	(3,329)	NONE	NONE	NONE	NONE
FUND BALANCES AT BEGINNING OF YEAR	4,020	NONE	NONE	NONE	NONE
FUND BALANCES AT END OF YEAR	\$691	NONE	NONE	NONE	NONE

(Concluded)

CRIMINAL INFORMATION TECHNOLOGY ACT GRANT FUND	NATIONAL CRIMINAL HISTORY IMPROVEMENT PROGRAM FUND	CITA LPOR 1 GRANT FUND	CITA LPOR GRANT FUND	CITA LPOR 2 GRANT FUND	VIOLENCE AGAINST WOMEN ACT (M01-8-030) GRANT FUND	STATEWIDE DRUG COURT ENHANCEMENT GRANT FUND (2004-DC-BX-0062) (OJP)	TOTAL
						\$35,172	\$257,355
							227,365
							33,188
							16,975
							250,065
							840
							1,849
							2,008
							23,127
NONE	NONE	NONE	NONE	NONE	NONE	35,172	812,772
							3,720
			\$1,911				39,961
	\$1,664	\$19,533	7,177	\$1,698			235,245
\$1,576	28,860	9,782	1,707	1,075	\$40,368	35,172	814,728
23,632			712	5,148	20,024		142,168
25,208	30,524	29,315	11,507	7,921	60,392	35,172	1,235,822
(25,208)	(30,524)	(29,315)	(11,507)	(7,921)	(60,392)	NONE	(423,050)
							1,569,058
25,208	30,522	29,315	11,507	7,921	60,392		520,427
							(1,409,197)
25,208	30,522	29,315	11,507	7,921	60,392	NONE	680,288
NONE	(2)	NONE	NONE	NONE	NONE	NONE	257,238
NONE	2	NONE	NONE	NONE	NONE	NONE	1,374,219
NONE	NONE	NONE	NONE	NONE	NONE	NONE	\$1,631,457

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OTHER REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS

The following pages contain a report on internal control over financial reporting and on compliance with laws and regulations and other matters as required by *Government Auditing Standards*, issued by the Comptroller General of the United States. This report is based on the audit of the financial statements and includes, where appropriate, any reportable conditions and/or material weaknesses in internal control or compliance and other matters that would be material to the presented financial statements.



STEVE J. THERIOT, CPA
LEGISLATIVE AUDITOR

OFFICE OF
LEGISLATIVE AUDITOR
STATE OF LOUISIANA
BATON ROUGE, LOUISIANA 70804-9397

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July 6, 2006

Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of the Financial Statements
Performed in Accordance With *Government Auditing Standards*

SUPREME COURT OF LOUISIANA
STATE OF LOUISIANA
New Orleans, Louisiana

We have audited the special purpose (legal basis) financial statements of the Supreme Court of Louisiana as of and for the year ended June 30, 2005, and have issued our report thereon dated July 6, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Supreme Court's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special purpose financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted a certain matter described below involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Supreme Court's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements.

Inadequate Internal Controls Over Expenditures

The Supreme Court did not exercise adequate internal control over certain expenditures to provide for proper purchase and payment approvals, bidding of purchases, segregation of incompatible duties, contracts before payments, and the maintenance of adequate original supporting documentation in the accounting department. Good internal controls require the appropriate approval and timely preparation of purchase orders; bidding of purchases as required by law; segregation of incompatible duties; contracts before any payments are made; and original supporting documentation in the accounting department.

During our test of expenditures, we interviewed selected court personnel and evaluated selected documents, files, reports, systems, procedures, and policies as we considered necessary. In our tests of expenditure controls, weaknesses existed as follows:

- A purchase exceeding \$12,000 for invitations, program brochures, and envelopes for the Court's building dedication ceremony was not bid out as required by Louisiana Revised Statute (R.S.) 38.2212.1. Another purchase from the same vendor for over \$20,000 related to production and printing of the 2003 Judicial Performance Review was also not bid.
- In some cases, purchase orders were prepared after invoices were received and expenditures were incurred. In addition, the same employee prepared and authorized the purchase orders as well as approved the invoices for payment, which is not an adequate segregation of duties.
- Contract payments were made after the contract expired, without an amendment or new contract.
- The accounting department did not maintain the original documentation for all expenditures.

Failure to establish and implement adequate internal controls over expenditures increases the risk of errors, fraud, and noncompliance with state law.

Management should establish and implement adequate controls over expenditures to provide for proper purchase and payment approvals, bidding of purchases, segregation of incompatible duties, contracts before payments, and the maintenance of adequate original supporting documentation in the accounting department. Management did not concur with the finding point relating to bidding and partially concurred with the remaining bullets. Management stated, in part, that the printed items were not supplies but rather "personal services" as defined by law (see management's response in Appendix A).

Additional Comment: The invitations, program brochures, envelopes, and other printed matter should have been bid as described by R.S. 38:2212.1.

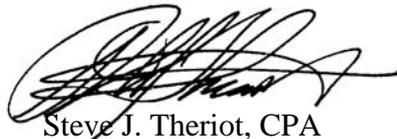
A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable condition described previously is not a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Supreme Court's special purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The result of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Supreme Court of Louisiana and its management and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,



Steve J. Theriot, CPA
Legislative Auditor

RDG:JR:PEP:ss

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Management's Corrective Action
Plan and Response to the
Finding and Recommendation



CHIEF JUSTICE
PASCAL F. CALOGERO, JR.
JUDICIAL ADMINISTRATOR
HUGH M. COLLINS, PH.D.

Supreme Court

STATE OF LOUISIANA
400 ROYAL STREET
SUITE 1190
New Orleans
70130-8101

TELEPHONE (504) 310-2550
FAX (504) 310-2587

June 26, 2006

Mr. Steve J. Theriot, C.P.A.
Legislative Auditor
100 North Third Street
P.O. Box 94397
Baton Rouge, LA 70804-9397

Dear Mr. Theriot:

I provide herein official response to the reported audit finding for the Supreme Court of Louisiana and note the finding below does not indicate the loss or misappropriation of funds and in fact the audit is verification of the fact that no funds have been lost, misspent, misappropriated or otherwise missing:

Inadequate Internal Controls over Expenditures:

A purchase exceeding \$12,000 for invitations, program brochures, and envelopes for the Court's building dedication ceremony was not bid out as required by Louisiana Revised Statute 38.2212.1. Another purchase from the same vendor for over \$20,000 related to production and printing of the 2003 Judicial Performance Review was also not bid.

Response:

The Supreme Court of Louisiana does not concur with this finding.

Reasons:

The provisions of R.S. 38:2212.1 pertain to the advertisement and bid letting for supplies. As the purchase was actually for the design, development, production and procurement of invitations and commemorative programs, R.S. 38:2212.1 is inapplicable and the provisions of R.S. 39:1481, which provides for professional, personal, consulting and social service procurement, and R.S. 43:1, pertaining to printed matter, apply.

R.S. 39:1481 provides for professional, personal, consulting and social service procurement. R.S. 39:1484 A (16) defines "Personal Service" as

... work rendered by individuals which requires use of creative or artistic skills, such as but not limited to graphic artists, sculptors, musicians, photographers, and writers, or which requires use of highly technical or unique individual skills or talents, such as but not limited to paramedicals, therapists, handwriting analysts, foreign representatives, and expert witnesses for adjudications or other court proceedings... (underlining supplied)

R.S. 39:1495 states, "contracts for personal services may be awarded without necessity of competitive bidding or competitive negotiation." It should be noted that R. S. 39:1482 limits the applicability of this statute to the executive branch.

R.S. 43:1, which applies to printed matter, provides, in part:

"All administrative boards, commissions, departments, agencies, institutions, and offices within the executive branch of the state government shall purchase all requirements of printing and engraving through a central purchasing agency in the division of administration. This provision, however, shall not apply to ... the judiciary except that it shall apply to the office of the attorney general." (underlining supplied)

R.S. 43:1 further provides, "[a]ll procurement of such printing and engraving for the executive departments of state government shall be done under and in accordance with the provisions of the Louisiana Procurement Code." R.S. 39:1554(D)(2) specifically excludes the judicial branch from the state procurement code.

As there is no statutory mandate requiring that the procurement of personal services relating to invitation and program design and development or the purchase of this printed matter be made by the public bid process, the purchase was made from a vendor with which the Court had satisfactorily conducted business on previous occasions.

- **In some cases, purchase orders were prepared after invoices were received and expenditures were incurred. In addition, the same employee prepared and authorized the purchase orders as well as approved the invoices for payment, which is not an adequate segregation of duties.**

Response:

The Supreme Court of Louisiana concurs in part with this finding.

Reasons

Because of the small size of the administrative office of the Court, there is no central purchasing or supplies warehousing department. Given staffing limitations and funding constraints, the purchasing function is currently being performed within each existing department. In strengthening the internal controls over purchasing, as recommended by the Legislative Auditor's Office, consideration will be given by the Court for the establishment of a central purchasing department and the funding required to support the function will be sought from the Legislature based on this reported audit finding.

- **Contract payments were made after the contract expired, without an amendment or new contract.**

Response:

The Supreme Court of Louisiana concurs in part with this finding.

Reasons

In the 2004-2005 fiscal year, checks were issued to a single vendor for computer related professional services. The checks were not distributed to the vendor as deliverables were not received. The services were then completed during the 2005-2006 fiscal year to contract specifications under the existing contract. The dates on the original checks had become stale. The original checks were voided and re-issued.

- **The accounting department did not maintain the original documentation for all expenditures.**

Response:

The Supreme Court of Louisiana concurs in part with this finding.

Reasons

In the mid 1990's, a policy was adopted by the Court to process payments for goods and services only upon the presentation of an approved, original invoice. Given the advancement of photocopy technology over the last decade, although great attention is given in the determination of the adequacy of the supporting documents for all expenditures of state funds, it has become increasingly difficult to determine whether an invoice being presented for payment is an original, facsimile, digital or e-mailed version. When it is discernable that an invoice is not an original, notation will be made for the basis of payment. Further, with Court approval, upon the establishment of a centralized purchasing department, as recommended by the Legislative Auditor's Office, and the realization of funding for the department by the Legislature (see comment and response relative to purchasing), future payments will be made for purchases of goods and services upon the presentation of a purchasing department approved vendor invoice.

Thank you for the courtesies and professionalism you and the members of your staff have extended to me and my staff during the audit. If you have any questions, please call me or Terence Sims, Deputy Judicial Administrator, Accounting Services, at 504-310-2550.

Sincerely,

A handwritten signature in cursive script that reads "Hugh M. Collins".

Hugh M. Collins, Ph.D.
Judicial Administrator

HMC/mlr